

Message Text

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ORIGIN EB-11

INFO OCT-01 NEA-10 ADP-00 L-03 ABF-01 TRSE-00 AID-20 PM-07

NSC-10 SS-15 RSC-01 CIAE-00 INR-10 NSAE-00 PRS-01

DODE-00 OMB-01 IGA-02 COME-00 /093 R

DRAFTED BY EB/IFD/OIA:VGKLINGELHOFER

8/10/73 EXT 22316

APPROVED BY EB:WCARMSTRONG

EB/IFD/OIA:MKENNEDY

L/NEA:ATBROWN

L/EB:DMUIR (DRAFT)

M/RFM/FM:JEMANION (DRAFT)

NEA/INS:DWBORN

AID/ASIA/SA:SWFORD (DRAFT)

TREASURY:REHINDLE (DRAFT)

TREASURY:HHAPPEL (DRAFT)

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R 111436Z AUG 73

FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI

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FOR AMBASSADOR FROM ASSISTANT SECRETARY ARMSTRONG

E.O. 11652: N/A

TAGS: EFIN, IN

SUBJ; INDIAN SURPLUS PROPERTY ACCOUNT

1. OVER THE PAST YEAR, AND PARTICULARLY SINCE THE SIGN-
ING OF OUR LEND-LEASE SETTLEMENT WITH THE USSR, WE HAVE
BEEN CLEARING UP A NUMBER OF LONG-PENDING ACCOUNTS MANY OF
WHICH DATE FROM WORLD WAR II AND THE IMMEDIATE POSTWAR
PERIOD. AMONG THESE ARE TWO ACCOUNTS OF THE GOVERNMENT OF
INDIA.

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2. THE FIRST, A DOLLAR DEBT AMOUNTING TO DOLS 4.3 MILLION,

REPRESENTS ITEMS UNDER THE LEND-LEASE CASH ACCOUNT. WE DO NOT WISH TO BRING THIS UP UNTIL WE HAVE A SETTLEMENT OF THE OTHER, A RUPEE DEBT EQUIVALENT TO DOLS 1.8 MILLION AND REPRESENTING DISPUTED ITEMS IN THE SURPLUS PROPERTY ACCOUNT.

3. THE INDIA-U.S. MUTUAL AID SETTLEMENT CONCLUDED IN 1946 (TIAS 1532) CONTAINED PROVISIONS PERTAINING TO THE DISPOSAL OF USG SURPLUS PROPERTIES BY INDIA AND THE REIMBURSEMENT TO THE USG FOR THESE PROPERTIES. THE GOI AGREED TO EQUAL TREATMENT FOR THE U.S. AND U.K. IN THE DISPOSAL OF THOSE TWO GOVERNMENTS' WAR SURPLUS PROPERTIES. ON JULY 1, 1948, A FINAL REPORT OF THE PROCEEDS FROM THIS DISPOSAL WAS TO BE RENDERED BY THE GOI TO THE USG. AFTER USG RECEIPT OF A FINAL REPORT, GOI WAS TO REIMBURSE THE USG AN AMOUNT EQUAL TO ONE HALF THE PROCEEDS OVER DOLS 50 MILLION. THE USG WAS TO RECEIVE THIS AMOUNT IN RUPEES QUOTE FOR DEFRAYING THE GOVERNMENTAL EXPENSES OF THE UNITED STATES IN INDIA UNQUOTE.

4. AS PROVIDED FOR IN THE SETTLEMENT, GOI IN 1948 REPORTED THE AMOUNT OF RS. 251,220,000 (U.S. DOLS 76,127,272.72) AS BEING THE NET PROCEEDS OF THE SALES THROUGH JUNE 30, 1948. IN 1953, GOI ADJUSTED THIS AMOUNT TO RS. 23.96 CRORES (U.S. DOLS 72,606,060.60). GOI STATED THIS ADJUSTMENT WAS DUE TO CANCELLATIONS AND VARIATIONS IN SALES PRIOR TO JULY 1, 1948. THE USG, HOWEVER, DID NOT ACCEPT THE VALIDITY OF THIS ADJUSTMENT.

5. THE AMOUNT CLAIMED DUE BY THE USG TOTALLED DOLS 13,063,636.36 IN RUPEES (ONE HALF THE DIFFERENCE BETWEEN DOLS 50 MILLION EQUIVALENT AND DOLS 76 MILLION EQUIVALENT). THE GOI GRADUALLY MADE PAYMENTS ON THIS ACCOUNT BUT LEFT A RESIDUE OF DOLS 1,786,746, REFLECTING THE DIFFERENCE BETWEEN THE RESPECTIVE CLAIMS OF THE USG AND THE GOI.

6. THE DEPARTMENT WOULD LIKE THIS MATTER SETTLED AND FEELS THAT THE CURRENT NEGOTIATIONS MAY PRESENT AN OPPORTUNITY TO DO SO. THE DEPARTMENT IS PRESENTLY LIMITED OFFICIAL USE

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INVESTIGATING WHETHER LEGAL AUTHORITY EXISTS TO HAVE THE AMOUNT OF THIS DEBT INCLUDED IN THE AMOUNT OF RUPEES TO BE RETAINED BY THE USG PURSUANT TO YOUR NEGOTIATIONS (THEREBY PERMITTING COMPARABLE INCREASE IN THE AMOUNT RETURNED TO THE GOI). WE WOULD APPRECIATE YOUR PROMPT COMMENTS ON THE FEASIBILITY OF INCLUDING THIS MATTER IN THE CURRENT RUPEE NEGOTIATIONS. ROGERS

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